

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7489**

**BILL NUMBER:** HB 1386

**NOTE PREPARED:** Feb 18, 2013

**BILL AMENDED:** Feb 18, 2013

**SUBJECT:** Unfair Practices Concerning Motor Vehicle Sales.

**FIRST AUTHOR:** Rep. Speedy

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill amends existing provisions and establishes new provisions concerning unfair practices with respect to motor vehicle dealers, manufacturers, distributors, franchises, and franchisees.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** (Revised) This bill adds unfair practices concerning vehicle dealers and manufacturers. To the extent vehicle dealers and manufacturers are alleged to have engaged in unfair practices, this bill will increase the workload of the Secretary of State Dealer Services Division to investigate allegations and provide adjudicative proceedings to determine if an unfair practice has been committed.

**Explanation of State Revenues:** (Revised) Summary: This bill increases the number of unfair practices regarding motor vehicles in the state. As a result, this bill could increase revenue received from fines, filing fees, civil penalties, and court fees (depending on if a violator is prosecuted in civil or criminal court).

Revenue from civil penalties for unfair practice actions filed with the Securities Division of the Secretary of State are still to be deposited in the Securities Division Enforcement Account. Revenue from (1) criminal fines would be deposited in the Common School Fund and (2) court fees would be deposited in the General Fund. Increases in state revenue are indeterminable.

(Revised) Additional Information:

*Revenue from Civil Penalties:* Under current law, the penalty for an unfair practice involving motor vehicles filed with the Securities Division of the Secretary of State is subject to a civil penalty between \$50 and \$1,000 for each day of violation or each violating act. The court determines the specific penalty amount. Revenue collected from these civil penalties is currently deposited in the Securities Division Enforcement Account.

*Criminal Penalties:* Violation of the laws governing vehicle manufacturers, dealers, and distributors (including unfair practices added by the bill) could be punishable as a Class B misdemeanor (IC 9-23-6-1). If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000. However, any additional revenue would likely be small.

**Explanation of Local Expenditures:** (Revised) *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

**Explanation of Local Revenues:** (Revised) *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Secretary of State.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Bill Brumbach, 232-9559.